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PRESS RELEASE

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STABILITY OF REVENUE AND EBITDA CONFIRMED FOR 2012

IN A DIFFICULT ECONOMIC ENVIRONMENT DURING THE FIRST SEMESTER 2012:
ACCELERATION OF OPERATIONAL EFFICIENCY PROGRAM
SOLID BALANCE SHEET MAINTAINED
INCREASE OF FREE CASH FLOW

- Revenue: €7,323m
  up +1.0% organically, excluding the impact of the Melbourne desalination plant
- EBITDA: €1,133m
  down –4.9% organically, excluding the impact of the Melbourne desalination plant
- Net result Group share: €40m
- Solid free cash flow: €498m
- Net financial debt: €7,878m
- Net financial debt / EBITDA ratio: 3.26[1]

The Board of Directors, in a meeting held on July 31, 2012, approved the 2012 half year results.

Commenting on the results, CEO Jean-Louis Chaussade, issued the following statement:

"*The Water Europe and the International divisions excluding Design and Build activities are showing a revenue increase and satisfactory results. The renewal of the wastewater contract in Bordeaux or the gain of the extension of the wastewater treatment plant in As Samra, are clear illustrations of our dynamic commercial activity.*

Furthermore, the construction of the Melbourne plant is progressing, the first drop of desalinated water was produced at the end of June and the teams are fully mobilized so that the plant operates at full capacity by the end of 2012.

However, the decline in industrial production in the first half of 2012, in a more difficult macroeconomic context especially in Europe, impacted the performance of our Waste Europe division, which is reflected in a 3.2% year-on-year drop in volumes processed at the end of June 2012. In response, SUEZ ENVIRONNEMENT has decided to increase its Compass cost reduction program by a further €40m and to reduce the envelope of net investment expenditure by €100m.

SUEZ ENVIRONNEMENT has decided to accelerate its operational efficiency program and will focus on maintaining a solid balance sheet and generating cash.

Thanks to a well balanced portfolio, SUEZ ENVIRONNEMENT is well positioned on both water and waste growing markets. Thanks to its capacity in innovation and Research & Development, the Group is a key actor and continues its development on evolving markets."

[1] Net financial debt / EBITDA ratio, EBITDA rolling 12 months, after dividend payment in June

2012 HALF-YEAR RESULTS

In a more difficult European economic environment since the beginning of the year, SUEZ ENVIRONNEMENT has posted stable revenue for the first half of 2012.

REVENUE

Group revenue at June 30, 2012 was **€7,323m, a gross change of -0.7% (-€53m)** versus June 30, 2011. This breaks down as follows:

- **Organic change of -1.4%** (-€104m) and +1.0% excluding the impact of the Melbourne plant:
  - Water Europe: +2.4% (+€50m)
  - Waste Europe: +1.4% (+€45m)
  - International: -9.4% (-€197m) or -1.2% (-€23m) excluding the impact of the Melbourne plant

- **External growth of -1.0%** (-€74m) mainly due to the disposal of Bristol Water in the United Kingdom and Eurawasser in Germany.

- **Favorable exchange rate impact +1.7%** (+€126m), mainly due to the depreciation of euro against the Australian dollar (+€46m), the US dollar (+€29m), the Sterling Pound (+€25m) and the Chilean peso (+€13m).

OPERATING PERFORMANCE

EBITDA was €1,133m at June 30, 2012, an organic change of -7.0% (-4.9% excluding the impact of Melbourne). EBITDA in the Water Europe division was up +3.2% organically. The Waste Europe division decreased by -14.7% impacted by the decline in industrial production in Europe. The International division was down by-6.2% excluding Melbourne, impacted by the achievement during the first semester of 2011 of some Design & Build contracts in France and the Middle East, whereas the other activities of this Division were growing well.

The Group's **EBITDA margin** was 15.5% or 16.7% excluding the impact of the Melbourne plant.

In the first half of 2012, the **Compass** cost reduction program contributed for €60m, mainly by optimizing operating performance, purchasing and overhead costs.

Current Operating Income (EBIT) was €460m, an organic change of -15.6%. This figure includes an €83m provision accounted for the Melbourne desalination plant.

NET INCOME

Net financial income in 2012 was –€210m in the first semester 2012, versus -€183m in 2011. This was mainly due to the extension of average debt maturity to 7.1 years as at June 30, 2012, and to the decline in dividends received from Acea.

Income Tax amounted to –€48m in 2012 versus –€92m in 2011. The normative rate was 30% in the first half of 2012.

Minority interests were –€117m. The increase versus 2011 was mainly due to the strong performance of our activities in Chile.

Net result, Group share, was €40m. This includes the impact of the depreciation in Marked to market value of our investment in Acea (-€58m), net additional charges on Melbourne plant (-€52m)[2] and restructuring and other costs (-€38m) for implementing the cost reduction program.

[2] Provision of €83m net of deferred tax for €31m

Free Cash Flow and balance sheet

SUEZ ENVIRONNEMENT gives priority to maintaining a solid balance sheet and continues its strategy of cash generation and investment selectivity.

Free Cash Flow was €498m, increasing in the first six months of 2012. In particular, it benefited from a reduction in the working capital requirement, following the disposal of receivables with deconsolidation impact of €164m.

Net investment was €545m, down 29%. SUEZ ENVIRONNEMENT reduced its investments versus the same period 2011, in all three divisions. SUEZ ENVIRONNEMENT is focusing on organic growth and maintaining its level of development capex and thus has reduced its external growth investments. In early 2012, the Group finalized the sale of Eurawasser in good financial terms and realized a €30m net capital gain.

Net financial debt was €7,878m as at June 30, 2012, versus €7,557m[3] at the end of December 2011. This increase was mainly due to the dividend payment for €441m in June and an adverse exchange rate impact of €148m. SUEZ ENVIRONNEMENT is continuing its efforts to strengthen its financial profile. Moody's financial rating agency reiterated, in May 2012, SUEZ ENVIRONNEMENT's rating of A3 and stable outlook.

SUEZ ENVIRONNEMENT continues its proactive research and innovation policy

In the first half of the year, SUEZ ENVIRONNEMENT engaged in a partnership, through its Blue Orange innovation investment fund, with a Norwegian company specializing in ozone-based purification of water in order to develop new technology for treating ballast water carried by ships. It also signed a research collaboration agreement with the Danish Hydraulic Institute and the Nanyang Technological University to optimize wastewater treatment plants and to develop the positive energy plant.

[3] The Group revised its definition of net debt by excluding net investment hedging instruments and the interest component of derivative instrument; the impact on the opening debt figure was –€109m; the proforma net debt would have reached 7,449m€ at the end of December 2011.

PERFORMANCE BY DIVISION

WATER EUROPE

€m	June 30, 2011	**June 30, 2012**	Gross change	Organic change	Scope change
Revenue	2,063	**2,022**	-2.0%	+2.4%	-5.0%
EBITDA	584	**572**	-2.1%	+3.2%	-6.7%

- The Water Europe division is up +2.4% organically as at June 30, 2012 and posted revenue of €2,022m. EBITDA was €572m, up +3.2% organically. The division's margin at 28.3% is up by 50 basis points, excluding the impact of Bristol Water and Eurawasser disposals versus June 30, 2011. Business was driven by favorable pricing developments in the six-month period in France (+3.4%), Spain (+5.3%) and Chile (+5.0%) and by higher potable water volumes sold in Spain (+1.0%) and Chile (+2.8%) although slightly down in France (-0.4%). Construction activity was sharply down in France and Spain.

- In the first half of the year, SUEZ ENVIRONNEMENT continued to develop new services directed at both private and business customers, including smart metering, alert services and leak insurance. Revenue from new services was up 15% over the period. In France, 236,832 residential customers have now signed up to the *Dolce Ô* offer, which allows water consumption to be monitored in real time and offers insurance against leaks. AGBAR, through its subsidiary Aqualogy, won three new contracts in Brazil for sludge and wastewater treatment plants at Limeira and wastewater for the municipality of Santa Maria.

- The Water Europe division won and renewed numerous contracts including Tenerife (5 years, €65m) in Spain, Bordeaux wastewater (6 years, €243m), Montélimar Sésame (12 years, €31m) and the IS platform for Saclay (18 years, €18m) in France.

WASTE EUROPE

€m	June 30, 2011	**June 30, 2012**	Gross change	Organic change	Scope change
Revenue	3,208	**3,272**	+2.0%	+1.4%	-0.1%
EBITDA	440	**378**	-14.0%	-14.7%	-0.1%

- The Waste Europe division posted revenue of €3,272m, up +1.4% organically. EBITDA was €378m, down -14.7% organically versus the same period 2011. Recovery revenue was up, driven by higher volumes (+3.9%) and the construction of energy-from-waste plants in the UK and in France. Services and elimination activities, on the other hand, were down, with the division impacted by a difficult economic environment. Indeed, the decrease in European industrial production indices was reflected for SUEZ ENVIRONNEMENT in a -3.2% reduction in volumes treated during the first six months, with a drop in tons eliminated (-11.7%) notably in the UK. EBITDA was also impacted by mix evolution towards more recovery.

- In Waste, SUEZ ENVIRONNEMENT maintains its strategic position throughout the entire value chain thanks notably to its recycling and energy-recovery facilities. Driven by increasingly stringent environmental regulations and policies, these activities are a growth vector for the future. The recovery activities (recycling and energy) continue to grow and now represent 20% of total 2012 first-half revenue.

- Commercial activity was dynamic in the first half of 2012. SUEZ ENVIRONNEMENT won or renewed contracts for Vallée du Mont Blanc (15 years, €89m), Valenciennes (5.5 years, €68m), Greater Lyon (5 years, €53m) in France, contracts for the Ludwigsburg region (7 years, €55m), Neuwied (3 years, €14m), and MacDonald (3 years, €21m) in Germany; as well as the AIVE[4] contract in Belgium. Moreover, Sita is mobilized on the waste management contract for the Olympic Games in London.

[4] Association Intercommunale pour la protection et la Valorisation de l'Environnement

INTERNATIONAL

€m	June 30, 2011	**June 30, 2012**	Gross change	Organic change	Scope change
Revenue	2,093	**2,020**	-3.5%	-9.4%	+1.5%
EBITDA	237	**208**	-12.5%	-17.2%	+1.1%

- The International division posted revenue of €2,020m at June 30, 2012 and EBITDA of €208m. Excluding the impact of the Melbourne desalination plant, revenue and EBITDA posted an organic variation of -1.2% and -6.2%, with a 14.8% EBITDA margin.
    - Degrémont revenue was down -€272m organically (-31.0%). Construction activity was impacted by the finalization underway of the Melbourne contract (-€174m) and by the achievement, in 2011, of some Design & Build contracts in France and the Middle East. The backlog Design & Build represents €1.1bn.
    - The Asia-Pacific revenue is continuing to develop with a total growth up +22.1% (+€112m) and +10.2% organic growth, thanks to increase in volumes in China and strong growth in Waste activities in Australia.
    - The North America region was up +11.8% (+€36m) or +4.1% organic growth, with prices increases obtained in the regulated business and by the development of services activities.
    - The CEMME region grew +4.8% (+€19m) or +2.8% organically, mainly due to satisfactory activity in Morocco and Poland.

- Internationally, where it now generates 30% of its revenue, SUEZ ENVIRONNEMENT continued to focus on selective development and reinforcement of its strategic positions. In Australia, where it acquired WSN in 2011, the Group is now the second-largest waste operator and is benefiting from a dynamic market. SUEZ ENVIRONNEMENT is also well positioned in regulated water markets in the United States and Chile where United Water and Aguas Andinas are among the market leaders.
In addition, in Melbourne, the commissioning of the reverse osmosis plant began in May 2012 and desalinated water production began at the end of June.

- During the first half of 2012, the International division won contracts of As Samra (25 years, €150m) in Jordania, Baraki (3 years, €31m) in Algeria, and with BP (Industrial water, €11m) in the Netherlands.

PRIORITIES OF GENERATING CASH AND MAINTAINING A SOUND BALANCE SHEET

In a difficult and uncertain economic environment SUEZ ENVIRONNEMENT has made protecting its profitability and maintaining a sound balance sheet a priority. The Group anticipates for 2012[5]:

- **Operating targets**
    - Stability of revenue versus 2011
    - Stability of EBITDA versus 2011
    - 2012 Free Cash Flow equal to or higher than Free Cash Flow 2011
- **Solid balance sheet**
    - Net investment envelop reduced to €1.2bn
    - Net financial debt / EBITDA ratio at around 3 times
- **Dividend policy**
    - Dividend equal to or higher than €0.65 per share on 2012 earnings.

NEXT COMMUNICATION:

- **October 25, 2012:** 3rd Quarter 2012 publication (conference call)

Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge of protecting resources by providing innovative solutions to industry and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 91 million people, provides wastewater treatment services for 63 million people and collects the waste produced by 57 million people. SUEZ ENVIRONNEMENT has 80,410 employees and, with its presence on five continents, is a world leader exclusively dedicated to water and waste management services. In 2011, SUEZ ENVIRONNEMENT, a subsidiary owned 35,7% by GDF SUEZ, achieved revenues of €14.8 billion.

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[5] Assuming macroeconomic and regulatory conditions equivalent to those in the first half and unchanged commodities prices compared to end June 2012.

APPENDICES

REVENUE BY GEOGRAPHIES

In €m	H1 2011	H1 2012	% in 2012	12/11 Δ
FRANCE	**2,636**	**2,676**	**36%**	**+1.5%**
Spain	743	696	10%	-6.3%
United Kingdom	470	448	6%	-4.7%
Other Europe	1,382	1,320	18%	-4.5%
EUROPE (excluding France)	**2,595**	**2,464**	**34%**	**-5.0%**
North America	399	436	6%	+9.3%
Australia	569	519	7%	-8.9%
Other International	1,177	1,228	17%	+4.3%
INTERNATIONAL (excluding Europe)	**2,145**	**2,183**	**30%**	**+1.8%**
TOTAL	**7,376**	**7,323**	**100%**	**-0.7%**

SUMMARY BALANCE SHEET

in €m

ASSETS	31/12/11	30/06/12
NON CURRENT ASSETS	**18,667**	**18,832**
o/w goodwill	3,245	3,268
CURRENT ASSETS	**8,361**	**7,956**
o/w financial assets at fair value through income	15	17
o/w cash & cash equivalents	2,494	2,149
TOTAL ASSETS	**27,029**	**26,787**

LIABILITIES	31/12/11	30/06/12
Equity, group share	4,946	4,738
Minority Interests	1,871	1,937
TOTAL EQUITY	**6,817**	**6,675**
Provisions	1,835	1,887
Financial Debt	10,071	10,164
Other Liabilities	8,306	8,062
TOTAL LIABILITIES	**27,029**	**26,787**

SUMMARY INCOME STATEMENT

In €m	H1 2011	**H1 2012**
REVENUE	**7,376**	**7,323**
Depreciation, Amortization & Provisions	(529)	(524)
CURRENT OPERATING INCOME	**562**	**460**
INCOME FROM OPERATING ACTIVITIES	**581**	**403**
Financial Result	(183)	(210)
Associates	14	12
Income tax	(92)	(48)
Minority interest	(99)	(117)
NET RESULT GROUP SHARE	**221**	**40**

SUMMARY CASH FLOW STATEMENT

In €m	H1 2011	**H1 2012**
Operating cash flow	1,062	985
Income tax paid (excl. income tax paid on disposals)	(69)	(42)
Change in operating working capital	(145)	14
CASH FLOW FROM OPERATING ACTIVITIES	**848**	**956**
Net tangible and intangible investments	(647)	(598)
Financial investments	(204)	(87)
Disposals	81	118
Other investment flows	13	(62)
CASH FLOW FROM INVESTMENT ACTIVITIES	**(757)**	**(630)**
Dividends paid	(418)	(441)
Balance of reimbursement of debt / new debt	278	(60)
Interests paid on financial activities	(240)	(205)
Capital increase	284	-
Other cash flows	206	12
CASH FLOW FROM FINANCIAL ACTIVITIES	**111**	**(694)**
Impact of currency, accounting practices and other	4	23
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	**1,827**	**2 494**
Total cash flow for the period	206	(345)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**2,033**	**2 149**